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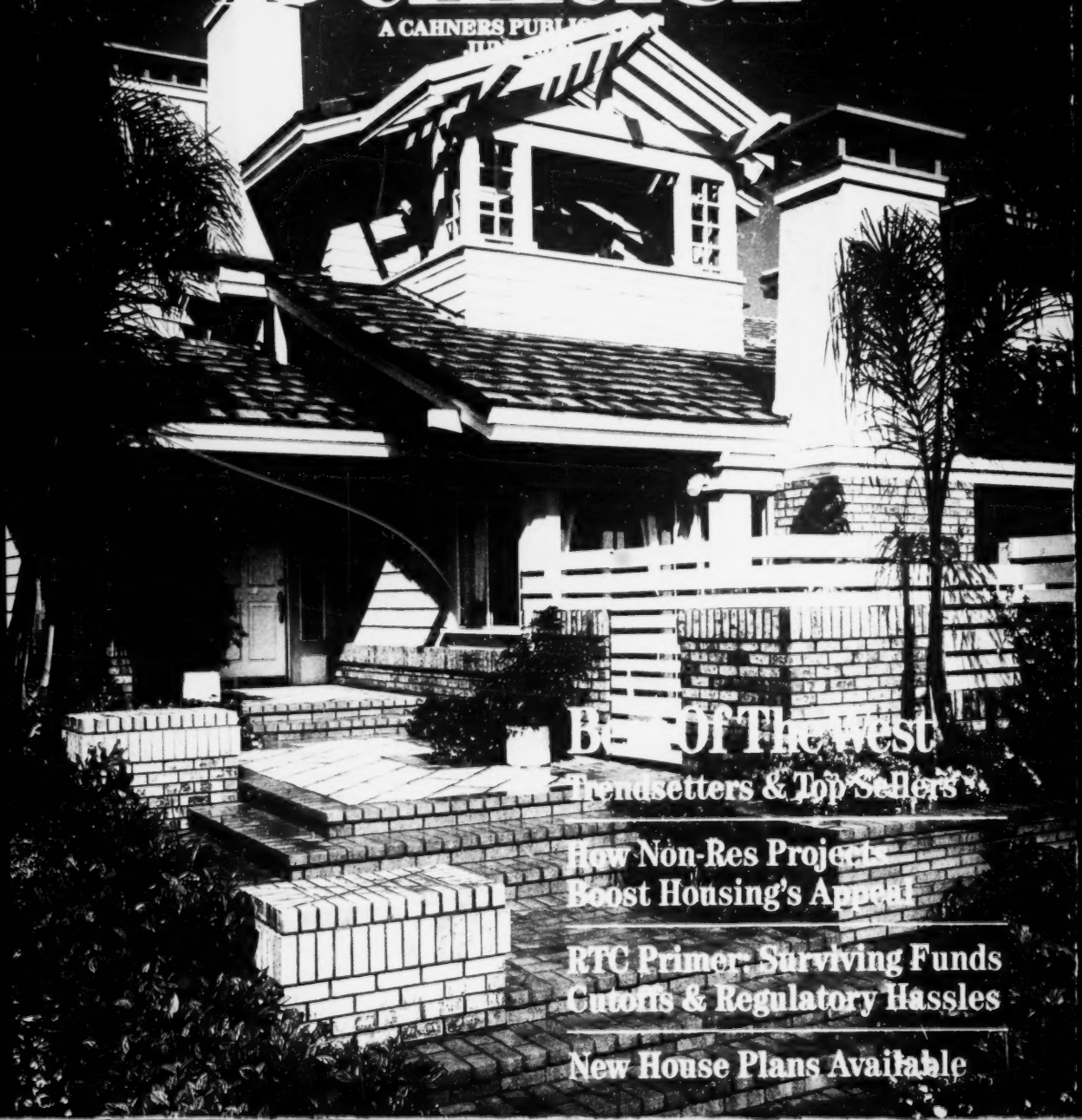

B[illegible] Of The West
Trendsetters & Top Sellers

How Non-Res Projects Boost Housing's Appeal

RTC Primer: Surviving Funds Cutoffs & Regulatory Hassles

New House Plans Available

Professional Builder

JUNE • 1990 VOL. 55

THE MAGAZINE OF HOUSING AND LIGHT CONSTRUCTION/A CAHNERS PUBLICATION

Echo Ridge in Sam Ramon, Calif., overcomes a high-density site plan by offering plenty of privacy features such as courtyard entries. Page 84.

The self-contained urban village design of Hassinger Cos.' 144-unit Sauganash Village in Chicago is one of the keys to its recent success. Page 106.

After solving some tricky technical problems, Unique Construction, Hopkinton, Mass., created modern interiors out of this late 18th century house. Page 117.

FEATURES

The Best Of The West 84

Some of the nation's hottest housing markets are found in the West—Las Vegas, the San Francisco Bay area, and Seattle. To take the pulse of this dynamic region and report on the latest design trends driving it, the editors of *Professional Builder* logged thousands of miles and visited hundreds of model homes.

In this feature, Senior Editors Dan McLeister and Wayne Endicott take an in-depth look at an outstanding collection of best-selling models from this sizzling region. These projects not only cover a broad range of architectural influences, such as the turn-of-the-century California style or the Mediterranean "country" look, but offer solutions to challenges such as high-density sites or price-resistant markets.

Non-Residential Designs That Enhance Housing 106

For many diversified builders, non-residential construction is more than an opportunity—it's a necessity. Senior Editor David Heinly reports on a series of projects that illustrate how bringing community services and recreational amenities to urban and high-density developments can be the marketing edge that spells sales success.

Remodeling Project Of The Month 117

Peter Porter's rehabbing skills were put to the test converting a pair of 200-year-old homes into townhouses. The Grafton, Mass., project was something of a nightmare for Unique Design and Construction, but the results have captivated buyers. New third-floor balconies capitalize on views of the woods, valleys and old colonial homes of a neighboring historic district.

On the Cover

The J.M. Martin Co. has a winner in Huntington Beach, Calif., with its Huntington Classics: 11 of the 16 houses offered were sold on opening day last December. The architect was Warkentin Wraight, Costa Mesa. The interiors were decorated by Design 1 Interiors of Los Angeles. Photo by Robert Freed.

Professional Builder

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Designs that cater to single women and empty nesters. Page 51.

If you thought staying current with payments keeps a performing loan safe once the **Resolution Trust Corp.** (RTC) takes over an S&L, think again. The saga of builder Rick Snodgrass' battles is an eye-opener. Page 22. **A focused plan mixed with demographically driven designs** can help fill special market niches. Page 51. Can a computer program plan **the perfect ad campaign**? Page 60. An American builder has announced **the first joint venture** with the Soviet Union. Page 66. Turning retention/detention requirements into **marketable water amenities** often pays off in fast sales. Page 75.

A look at the latest trends in window products. Page 122.

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UPDATE

FIRREA Curtails AD&C Lending: NAHB Survey

The preliminary results of a new survey of NAHB members indicate that more than half have had to alter building plans due to the new lending practices of thrift institutions and commercial banks.

The principal change in thrift institution lending has been to reduce amounts loaned. However, half the respondents said that their thrifts no longer even make loans for acquisition, more than 40 percent won't fund development, and one in four will not make loans for construction. When loans are made, thrifts are demanding a stronger equity position or requiring excessive documentation.

Reasons Thrifts Changed Their Lending Practices (Percent of respondents)

	Acquisition	Development	Construction
No reason given	6%	5%	8%
New limits on loans to one borrower	56%	56%	53%
New capital requirements	47%	46%	45%
RTC takeover of the thrift institution	25%	21%	20%
New limits on commercial real estate	24%	27%	23%
Tough regulators examiners	51%	55%	52%
Director's concern about liability	16%	14%	18%
Other	5%	5%	5%

Source: AD&C Financing Survey Preliminary Report, NAHB.

Commitment To The Poor

The Fieldstone Co., Newport Beach, Calif., has announced its first partnership with Habitat for Humanity International, a non-profit organization dedicated to the housing needs of the poor and homeless. Fieldstone is donating two acres of land in the master planned community of Rancho Santa Margarita for the construction of 48 condominiums ranging in size from 650 to 1150 square feet.

Groundbreaking is slated for August 1990. The builder will serve as facilitator for the project, handling planning, political approvals, job coordination, construction financing and overhead. Santa Margarita Co. is master planner for the community.

Fannie Mae Will Buy Affordable Housing Loans

Institutions originating mortgages for low- and moderate-income families under the Federal Home Loan Banks' Affordable Housing Program (AHP) and Community Investment Program (CIP) can now sell these loans to Fannie Mae.

Thrifts must first obtain an advance from their District Bank to make permanent mortgages under the terms of either the AHP or CIP. The loans can then be swapped for a mortgage-backed security, called a Fannie Mae Affordable, in single-lender pool amounts of as little as $250,000. Fannie Mae is already working with about a dozen institutions that have applied for first-round 1990 AHP funds.

Lead-Based Paint Cleanup Guidelines Released

Technical guidelines for the cleanup of lead-based paint in residential structures have been published by HUD and are available from the National Institute of Building Sciences for $45. The address is 1201 L Street, NW, Washington DC 20005.

The HUD guidelines could become the abatement standard for the private sector as well, according to James Keck, chairman of NIBS's project committee for lead abatement guidelines. The government estimates that 52 percent of the nation's 80 million housing units contain potentially hazardous levels of lead-based paint. Some officials call lead-based paint the most serious issue confronting remodelers.

Regional Report: Is Texas Back?

That depends on who you ask. Most Texas builders and developers say the strong residential rebound in Dallas and Houston will continue, but some outside investors remain leery. The key factors—employment, job creation and population growth—are on the developers side, and corporate relocations are fueling optimism.

But while 1989 new home sales were up 25 percent in Houston (from a record low), there are far fewer players, and there's a four-year supply of finished lots in both Houston and Dallas. Coming layoffs at a number of Texas-based defense contractors also will offset growth. There are clear signs the economy is strong, said Boston investor Charles Burd, but he does not see a large a flow of capital headed for the Lone Star state just yet. "Most people are waiting for the RTC dust to settle, but Texas is a lot better off than the Northeast is."

Residential remodeling spending starts to bounce back

While residential construction spending has responded slowly to the modest pickup in economic activity and marginally lower interest rates, there are encouraging signs for the remodeling market. The seasonally adjusted annual rate of expenditures for the upkeep and improvement of residential properties (commonly called "residential remodeling") rose 8.3 percent between the first and second halves of 1989, to a level of $104.9 billion.

For 1989 as a whole, total residential remodeling spending was off 0.2 percent to $100.9 billion. New residential construction spending was, of course, also quite weak last year, declining a slightly steeper 0.8 percent. However, whereas remodeling spending recorded a sharp rebound during the final six months of the year, the seasonally adjusted annual rate of new residential construction spending during 1989's final six months was 4.7 percent lower than for the first half of the year.

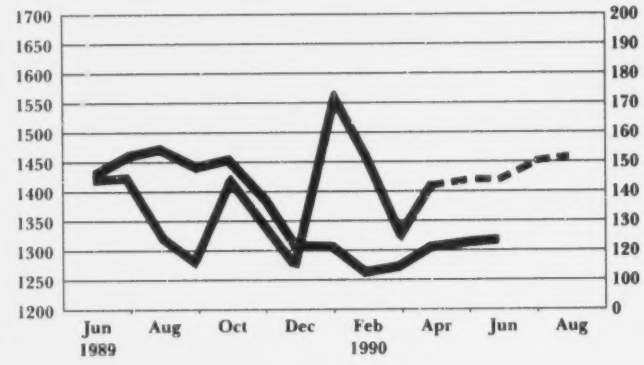
While the upward trend in remodeling spending is good news, homeowners remain cautious about undertaking large remodeling projects.

Contrary to what some in the business might think, only a small part of the maintenance and repair market is "do-it-yourself." In 1988, for example, less than 24 percent of the $17.9 billion worth of spending on the maintenance and repair of single-family homes was for the purchase of building materials for jobs done by the owner. The other 76 percent, or $13.7 billion, was paid directly to contractors or was used by the homeowner to purchase materials for repair jobs later done by contractors.

Residential contractors should not be surprised to find a slight decline in the average value of residential remodeling jobs undertaken this year. However, the opportunities will be there, and in greater numbers than last year, because of pent-up demand, continued increases in real household income, and the growth in the number of two-worker families. □

By Kermit Baker, Cahners Economics, Newton, Mass.

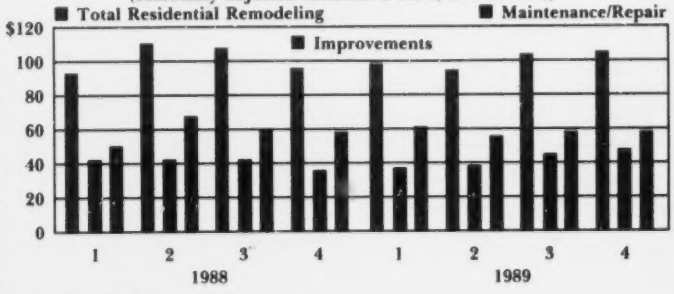
Professional Builder Leading Indicator And Housing Starts



Broken line denotes forecast. Leading Indicator of Housing predicts short-term changes in residential construction over approximately the next quarter. Latest figure is based on May data and includes the Standard and Poor's home-builder stock index, 90-day T-bills, bank reserves, consumer confidence index and the ratio of homes for-sale to those sold. Prepared exclusively for PB by Cahners Economics.

Residential Remodeling Heads Back Up—Led By Spending On Smaller Jobs

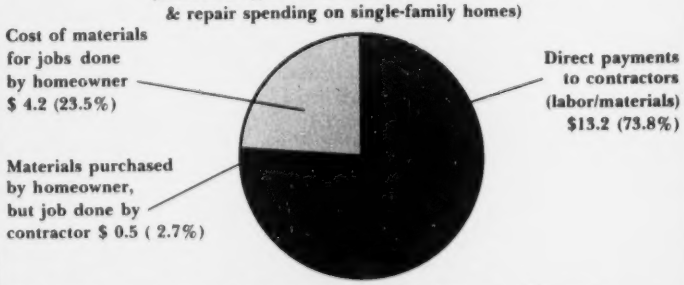
(Seasonally adjusted annualized rates, in billions $)



Source: U.S. Department of Commerce

Helpless Homewoners Look To Contractors To Get Even Small 'Fix-Up' Jobs Done Right

(Billions of $, share of total 1988 maintenance & repair spending on single-family homes)


Cost of materials for jobs done by homeowner $ 4.2 (23.5%)
Direct payments to contractors (labor/materials) $13.2 (73.8%)
Materials purchased by homeowner, but job done by contractor $ 0.5 (2.7%)

Total maintenance/repairs $17.9 billion Source: U.S. Department of Commerce